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ERCB

Energy Resources Conservation Board

640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 85-8

TO: ALL OIL AND GAS OPERATORS

25 July 1985

DETERMINING WATER PRODUCTION AT GAS WELLS
REVISIONS TO ERCB GUIDE G-4

The Energy Resources Conservation Board has revised the requirements for determining and reporting water production at gas wells. These requirements are explained in the third edition of ERCB Guide G-4. The following changes to the testing and reporting requirements for water production have been made:

1 The reporting of vapour-phase water is no longer required.

2 Reporting of a minimum water volume of 0.1 cubic metres per month is no longer required.

3 The date of the latest test for water is to be reported on the ERCB's S-1 form.

4 The ERCB will now accept applications to reduce the frequency of tests for determining water rates.

The ERCB remains concerned about gas well water production and how it might affect ultimate recovery of gas reserves. It believes that in order to maintain an effective surveillance to identify pools which might experience or be experiencing water production problems, production accounting accuracy is imperative. The changes made to Guide G-4 are intended to simplify the general calculations and reporting requirements for water production from gas wells.

Board staff are prepared to discuss, with individual operators, those areas of particular concern where an improvement in the accuracy of reported monthly water production volumes is needed. Further information regarding this matter may be obtained from the Production Section, Development Department, telephone 297-8512.

L. A. Bellows
Board Member

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Energy Resources
Conservation Board

640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 85-9

TO: ALL COMPANIES ENGAGED IN COAL EXPLORATION

23 August 1985

RELEASE OF COAL ANALYSES TO THE PUBLIC

Under Section 53 of the Regulations promulgated under the Coal Conservation Act, the Board is permitted to release coal analyses submitted to it under Section 41 of the Regulations. The Board now proposes to proceed with the release of coal analyses, starting 1 October 1985, for those coal holes for which logs have already been made public.

Thereafter analyses will be released at the same time as the logs are made public.

Analyses will be available from the Records Centre in three forms: magnetic tape, on-line data base access via terminals, and microfiche.

N. A. Strom
Board Member

AL.1.151

CANADIANA
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AUG - 9 1985

ERCB

Energy Resources
Conservation Board

640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 85-10

TO: All Operators

MAXIMUM DAILY RATES OF PRODUCTION FOR GAS WELLS

This letter supersedes Informational Letter No. IL-OG 73-9 issued on 21 February 1973.

The purpose of this informational letter is to update the Board's policy respecting maximum daily production rates from gas wells in certain pools as described in Informational Letter No. IL-OG 73-9. Such allowables are set only where high production rates could adversely affect gas recovery and the operator has not voluntarily instituted an acceptable rate-control procedure. In fact, less than 1 per cent of producing gas wells have a maximum daily allowable.

The Board continues to believe that its current policy respecting the establishment of maximum daily production rates for gas wells and pools is satisfactory and that well licensees should be involved to a greater degree in establishing producing rates consistent with good production practices. The policies and procedures are as follows:

1. The maximum daily allowable will be set by Board GA Order for wells in a pool or a part of a pool where, in the opinion of the Board, the ultimate recovery of gas may be adversely affected by excessively high producing rates. The rates for wells in this category would be established after consultation with the operator either at meetings with the Board staff or at a public hearing. The rates would be redetermined annually unless the operator and the Board mutually agree to establish a maximum daily production rate for a different period.

2. Wells or pools where maximum daily allowable rates are not established by Board Order may be produced at rates consistent with good production practice. The Board expects the operator to exercise appropriate control of the producing rate to ensure that maximum ultimate recovery will be obtained from the pool and to continually observe the performance of his wells for potential water problems.

The Board considers its method of calculating the maximum daily production rate (Qmax) to be a good preliminary basis for estimating a production rate consistent with good production practice and believes that the operator may wish to use this means of establishing a maximum daily production rate in the absence of a more sophisticated estimate. The Qmax equation is described in subsection (1)(c) of section 10.300 of the Oil and Gas Conservation Regulations. A discussion of guidelines used by the Board in the selection of the drawdown factor "f" to be used in the equation is contained on Attachment 1 to this letter.

3. All new wells placed on production will be permitted to produce at rates consistent with good production practice unless the initial flow test and knowledge of the pool indicate that water will likely be a problem, in which case the operator is required to advise the Board of his opinion of a safe producing rate. The Board, following consultation with the operator, may allow these wells to continue to produce in the good production practice category or may hold a meeting or hearing to consider whether production rates should be set by Board Order. The Board will also hold a meeting or hearing upon the request of an operator to review the performance and maximum producing rates for wells in a pool.

4. Upon the occurrence of significant water production from a well in a pool which has not previously produced water, or of significant changes in the water production rate from a well in a pool which is producing water, the operator shall immediately advise the Board of his opinion supported with appropriate evidence, respecting the maximum daily gas production rate that should be specified. A meeting or hearing may be held as in the case in item 3 above.

5. The Board will review monthly the performance of wells and pools in the good production practice category and, where the production characteristics of a well have shown a significant change, the operator will be requested to advise the Board of his opinion of the producing problems indicated and a safe producing rate. Again, the Board, after consultation with the operator, may hold a meeting or a hearing as in the case in item 3 above.

6. The present practice regarding off-target penalties for gas wells will be continued. That is, most off-target wells will have the penalty factor applied against a current Qmax rate, as calculated by the Board staff, or against the Board Order daily allowable.

Inquiries should be directed to the Board's Gas Department to the attention of the Supervisor, Pressure and Deliverability Section or the Assistant Manager.

Bohme

V. E. Bohme
Board Member

ATTACHMENT 1 TO IL 85-10

Determination of Permissible Drawdown (f) in Connection with Daily Maximum Allowable (Qmax)

The derivation of the maximum daily allowable Qmax is shown in Board circulars dated 29 September 1954 and 31 May 1955. As stated in the circulars, "f", the fraction relating shut-in sand face pressure to flowing sand face pressure at the maximum permissible rate of flow, is to be set at a value reflecting the reservoir conditions.

The following is to be used as a guide in setting "f" values for individual pools:

(a) Underlain completely by water

Use (i) 0.92 for thicknesses of less than 3 metres,
(ii) 0.90 for thicknesses of 3 - 6 metres,
(iii) 0.85 or less for thicknesses of 6 metres or greater.

(b) Flank water present

Use (i) 0.90 for thicknesses of less than 3 metres,
(ii) 0.85 for thicknesses of 3 - 6 metres,
(iii) 0.80 or less for thicknesses of 6 metres or greater.

(c) No water present

There is no real limitation of "f" values but use of the range of 0.85 to 0.75 is recommended.

PERMEABILITY CONSIDERATIONS

The above ranges of "f" are for reservoirs of excellent permeability. In reservoirs of low permeability the drawdown, after sustained periods of production, will be much greater than initially and therefore a higher "f" should be set for a low permeability reservoir than for a high permeability reservoir when all other considerations are equal.

Permeability Range		Decrease (1 - f)
Excellent	(above 500 mD)	0
Good	(100 - 500 mD)	approx. 10%
Fair	(25 - 100 mD)	approx. 20%
Poor	(below 25 mD)	approx. 30%

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ERCB

Energy Resources
Conservation Board

640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 85-11

To: All Oil and Gas Operators 1 August 1985

EXPLORATORY GAS WELLS DRILLED UNDER THE NATURAL GAS ROYALTY AMENDMENT REGULATION

In accordance with the recently enacted Natural Gas Royalty Amendment Regulation, the Board will issue exploratory gas well certificates for appropriate wells licensed after 31 July 1985. Moreover, due to the discontinuation of the Exploratory Drilling Incentive System, the Board will no longer issue incentive exploratory well certificates except under the unusual circumstances described in recently introduced section 16(4) of the Exploratory Drilling Incentive Regulation, 1984.

The purpose of this letter is to describe the procedures adopted by the Board for administering its responsibilities under the Natural Gas Royalty Amendment Regulation. This letter should be reviewed in concert with that Regulation and any relevant information letters, particularly 85-28, issued by the Department of Energy and Natural Resources, Mineral Revenues Division, 9945 - 108 Street, Edmonton. Copies of these documents are available from Room 807, J.J. Bowlen Building, Calgary.

1 TRANSFERS FROM INCENTIVE EXPLORATORY WELL TO EXPLORATORY GAS WELL STATUS

(a) Upon request by the holder of an incentive exploratory well certificate in good standing, the Board will replace that certificate by an exploratory gas well certificate where the former certificate was issued in July 1985 under section 2(2) of the Exploratory Drilling Incentive Regulation, 1984, and where the drilling or deepening of the well commenced after 31 July 1985.

(b) The Board, when issuing a "new" incentive exploratory well certificate under section 4 or 5 of the Exploratory Drilling Incentive Regulation, 1984, will identify the well as an exploratory gas well if its drilling or deepening commences after 31 July 1985.

2 CERTIFICATION OF AN EXPLORATORY GAS WELL

The Board will certify a well to be drilled or deepened for oil or gas that, at the time of licensing or certificate renewal, satisfies either condition (a) or (b), below:

(a) located more than 4.8 kilometres from any pre-existing well that penetrated a significant occurrence of crude oil or gas, or

(b) located less than 4.8 kilometres from a pre-existing well that penetrated a significant occurrence of crude oil or gas, but intended to be drilled at least 150 metres below the base of the deepest such occurrence.

3 SIGNIFICANT OCCURRENCE OF CRUDE OIL OR GAS

A significant occurrence of crude oil or gas is an occurrence that, in a "pre-existing productive well", is or was in the opinion of the Board capable of producing crude oil or natural gas.

4 LICENSEE'S REQUEST FOR THE BOARD TO REVIEW THE ELIGIBILITY OF A NON-CERTIFIED WELL

If the licensee believes that a certificate for his well is warranted, his letter to the Board requesting a review should refer to those hydrocarbon occurrences that, in his opinion, precluded the issuance of a certificate. To support his position, he should demonstrate why such occurrences are or were not capable of producing crude oil or natural gas.

5 DETERMINING THE DISTANCE BETWEEN A PRE-EXISTING WELL AND AN EXPLORATORY GAS WELL

When determining the distance between a pre-existing well and the potential exploratory gas well it may affect, the Board bases its determination on the two wells' bottom-hole locations, rather than their surface locations. This determination may require a directional survey to establish one or both of the bottom-hole locations where the distance is close to 4.8 kilometres.

6 NOTIFICATION CONCERNING A QUALIFYING INTERVAL

The Board is not required to notify the licensee concerning the qualifying interval, if any, at his certified well. For those certified wells encountering gas pay, this matter will be addressed by the Minister, likely in consultation with the Board, after an application is made pursuant to section 2.14(1) of the Natural Gas Royalty Amendment Regulation.

7 PRELIMINARY APPRAISAL BEFORE LICENSING

(a) An operator may, in writing, ask whether or not a hydrocarbon occurrence, penetrated between specified depths in a named non-confidential well, is deemed by the Board to constitute a "significant occurrence of crude oil or gas" within the meaning and purpose of section 3 of this informational letter. A fee of $40 will be charged for each hydrocarbon occurrence appraised.

(b) An operator may also ask, in writing, whether or not a specific pre-existing well is greater or less than 4.8 kilometres from the anticipated exploratory gas well. Such an inquiry should specify the legal descriptions and the known or expected bottom-hole co-ordinates of both the pre-existing well and the anticipated exploratory gas well. A fee of $40 will be charged for performing each distance determination associated with this type of an inquiry.

Written requests for a preliminary appraisal are to be directed to the Board's Geology Department and accompanied by a cheque for the required amount, payable to the Energy Resources Conservation Board.

All operators are reminded that the Minister may not necessarily adopt the Board's preliminary appraisal for an exploratory gas well. The preliminary appraisal may be deemed invalid where additional information is obtained before an application for royalty exemption is processed, or where an error in the appraisal is later detected.

Any questions regarding the matters outlined in this letter may be directed to the Incentives Section in the Board's Geology Department at 297-8227 or 297-8398.

ENERGY RESOURCES CONSERVATION BOARD

N. A. Strom
Board Member

AL.1.151

CANADIANA
AUG 15 1985

ERCB

Energy Resources Conservation Board
640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 85-12

TO: Oil and Oil Sands Operators

August 1985

OIL SANDS PRIMARY PRODUCTION:
WELL SPACING
PRIMARY RECOVERY SCHEME APPROVALS

In the transition oil sands areas, the Board and Alberta Environment have become increasingly concerned with the need for long-range planning to provide for orderly and efficient development and minimization of surface disturbance. In these areas, such as at Lindbergh, a certain amount of primary production can be achieved without or prior to the application of well stimulation enhanced recovery techniques. The Board believes that initial drilling should conform with conventional oil well spacing in the area but with reasonable flexibility to accommodate geological delineation. However, to provide for orderly and efficient conversion to the enhanced recovery mode, it is necessary to plan the development of the primary mode to match the requirements for close well spacing (2 to 4 hectares per well) and minimize surface disturbance by way of maximum use of drilling pad modules and central process facilities.

To provide for orderly development of these kinds of oil sands areas - a typical case being Lindbergh - the Board and Alberta Environment have adopted the following procedures:

1. a) As a routine procedure well licences are issued for oil sands wells, for primary production, provided the location conforms with conventional oil target provisions in the area and suitable oil sands casing/cementing provisions are met and the Land Conservation and Reclamation Council have been notified prior to surface disturbance occurring on the lease.

   b) If the well is not within conventional well target spacing, the Board may grant the licence for the oil sands well provided that supporting information confirms compatibility with potential future development of the oil sands facilities in the area and the Land Conservation and Reclamation Council have been notified prior to surface disturbance occurring on the lease.

.../2

c) The Land Conservation and Reclamation Council may be contacted in St. Paul at 645-6394 and in Wainwright at 842-5690.

2. An operator intending to infill drill with more than one well per oil drilling spacing unit and install an array of primary production wells must apply for a "Primary Recovery Scheme Approval" and a Development and Reclamation Approval in accordance with the attached guidelines. The application must address the question of advance planning for enhanced recovery, and the development and reclamation aspects.

3. For lands where oil sands enhanced recovery approvals have been issued (experimental or commercial in situ schemes), wells which conform with the project plans will be licensed without further detailed review.

Inquiries regarding this matter should be directed to Mr. John Nichol, Oil Sands Department at 297-3110 or Mr. Larry Brocke, Land Reclamation Division at 422-2636.

ENERGY RESOURCES CONSERVATION BOARD

N. A. Strom
Board Member

ALBERTA ENVIRONMENT

K. R. Smith
Assistant Deputy Minister

PRIMARY RECOVERY AND DEVELOPMENT AND RECLAMATION APPROVAL

An application under section 10 of the Oil Sands Conservation Act for a primary recovery scheme shall include statements concerning

(a) technical aspects of the scheme including

  (i) the legal description of the area of application,

  (ii) the size, target areas and orientation of the drilling spacing units, proposed well array patterns (including interwell distances and buffer zone distances),

  (iii) if drilling pads are to be utilized, the number of drilling pads per section, the number of wells per pad and the type of drilling and completion programs to be followed (directional or slant),

  (iv) well drilling, casing and cementing programs including diagramatic sketches,

  (v) the geological nature of the formations,

  (vi) the effect of the proposed spacing and target area on primary recovery of crude bitumen and on correlative rights,

  (vii) the enhanced recovery potential, for the formations including comments on the anticipated types of enhanced recovery scheme being contemplated,

  (viii) the expected duration of primary recovery operations and the probable timing of installation and enhanced recovery operations,

  (ix) if enhanced recovery operations are considered not possible, the basis for that conclusion,

  (x) the method of gathering and transporting well production to field and storage facilities and to market outlets, including conceptual site development plan layouts,

(b) environmental protection measures including

  (i) noise suppression, well vent and tank vapour collection, water disposal and sand and oily waste disposal,

  (ii) water management plans for on- and off-site drainage.

... 2

(c) development and reclamation aspects including

 (i) disturbance plans shown on a topographic map,

 (ii) a description of the soils, a map showing the areas to be stripped and the location and volume of stockpiles,

 (iii) a description and map(s) illustrating lease and road construction practices and weed control,

 (iv) the land use(s) of the area and the impact of the proposed development program on current land surface uses,

 (v) a final reclamation plan including soil replacement and revegetation,

 (vi) a summary description of all planned environmental monitoring programs.

(d) public communication information including

 (i) the names and mailing addresses of the surface owners and occupants within the area of application and the contiguous quarter sections,

 (ii) results of discussions of the proposed primary recovery scheme and associated well spacing by the applicant with affected persons indicating the position of those persons regarding the proposal.

(e) maps showing

 (i) the mineral lessors and lessees in and adjoining the area of application and names of landowners and occupants for those same areas,

 (ii) wells in the area and the status of each,

 (iii) oil sands sector boundaries and existing and proposed primary recovery scheme approval boundaries,

 (iv) the array of surface well sites and related facilities.

... 3

(f) tabulations showing

- (i) the productivity of existing wells in the area,
- (ii) the rock and fluid properties determined for the reservoirs,
- (iii) the economics of development on a primary recovery basis and, in particular, on the proposed drilling spacing units or well spacing.

CANADIANA

SEP 16 1985

ERCB

Energy Resources Conservation Board

640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 85-13

To: All Oil and Gas Operators

9 September 1985

REVISION OF SULPHUR BALANCE REPORT FORM

The ERCB has recently completed a review of the Gas Processing Plant Sulphur Balance Report (S-30) and section 12.080 of the Oil and Gas Conservation Regulations. As a result, the S-30 form has been simplified, the procedures for calculating the sulphur plant efficiency have been defined, and section 12.080 has been changed to reflect the new S-30 form.

A chapter in the Production Accounting Handbook (Guide G-7) has been prepared to assist industry in the proper completion and use of the report.

All gas plants that process sour gas are required to submit the Sulphur Balance Report to the Board's Gas Department on a monthly basis.

The Board's Development Department will review each new sour gas plant to ensure that proper measurement and accounting procedures are applied to sulphur measurement and completion of the S-30.

Attached is a copy of the S-30 form and the change to section 12.080 of the regulations. New forms and the chapter of the Production Accounting Handbook are available from Maps and Publications in the Board's Calgary office.

Further information regarding this matter can be obtained from the Production Section of the Board's Development Department at 297-8132.

G J DeSorcy

G. J. DeSorcy
Vice Chairman

ERCB

Energy Resources
Conservation Board
640 Fifth Avenue SW
Calgary, Alta. T2P 3G4

GAS PROCESSING PLANT SULPHUR BALANCE REPORT

Gas Volumes in $10^3 m^3$ at 101.325 kPa – 15 °C
Sulphur Measurements in Tonnes

PLANT NAME ____________

OPERATOR ____________

LOCATION ____________

MONTHLY MEASUREMENT DIFF ______ t

EMISSION MONITOR DOWN ______ h

PLANT CODE	YEAR	MONTH

DATE	SULPHUR IN			SULPHUR OUT						
	PLANT FEEDSTOCK			SULPHUR PRODUCTION	SULPHUR STACK EMISSION	FLARED GAS			INJECTED/ OTHER	TOTAL
	$10^3 m^3$	% H_2S	t	t	t	$10^3 m^3$	% H_2S	t	t	t
	APPROVED MAXIMUM	▨	APPROVED MAXIMUM	▨	▨	▨	▨	▨	▨	▨
1										
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27										
28										
29										
30										
31										
MON. TOTAL										
QTR. TOTAL										

SULPHUR RECOVERY EFFICIENCY	MINIMUM APPROVED %	ACTUAL MONTHLY %	CUMULATIVE QUARTERLY %	

CERTIFIED CORRECT ____________ TEL NO. ____________ DATE ____________

S30-85-05

APPENDIX

OIL AND GAS CONSERVATION ACT

Oil and Gas Conservation Amendment Regulation

1 The Oil and Gas Conservation Regulations (Alta. Reg. 151/71) are amended by this regulation.

2 Section 12.080(1) is repealed and the following is substituted:

12.080(1) In addition to the reports required under section 12.070, the operator of a processing plant in which raw gas is processed for the removal of hydrogen sulphide shall submit, on or before the 15th day of each month, to the Board's Gas Department, a daily summary and monthly totals of plant operating data for the preceding month, including

(a) the volume of raw gas and the gas equivalent of condensate processed,

(b) the hydrogen sulphide content of the plant feedstock in mole per cent, determined at a frequency required by the Board,

(c) the plant's total inlet sulphur, in tonnes,

(d) the quantity of sulphur produced, in tonnes,

(e) the quantity of sulphur emitted from the incinerator stack, in tonnes,

(f) the volume, and hydrogen sulphide content in mole per cent, of the sour gas directed to the plant's flare stack,

(g) the quantity of sulphur emitted from the flare stack, in tonnes,

(h) the quantity of sulphur in the sour gas injected to an underground formation or disposed in any other manner, in tonnes,

(i) the total amount of sulphur out, in tonnes, and

(j) the sulphur recovery efficiency level, in per cent.

CANADIANA
OCT - 1 1985

ERCB

Energy Resources Conservation Board
640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 85-14

To: All Oil and Gas Operators 27 September 1985

SUPPLEMENTARY OIL SALES UNDER ALBERTA PRORATIONING SYSTEM

The Board has received the attached proposals by Amoco Canada Ltd. and Northridge Petroleum Marketing, Inc. (Attachment A & B) that offer opportunities for supplementary sales of shut-in light and medium oil. The proposals apply to all producers with shut-in oil.

The Board has reviewed the proposals and believes that they can be accommodated within the criteria established for administering the existing prorationing plan, as well as meeting the requirements of section 22 of the Oil and Gas Conservation Act. It is therefore prepared to implement them. This Informational Letter is intended to outline the process by which the Board would administer the supplementary oil sales.

BASIC CONCEPT

Purchasers' nominations for Alberta light oil would be made each month in the normal manner and an MD Order reflecting those nominations would be issued in the last week of that month. If the MD Order resulted in oil being shut in that could be delivered to market, purchasers could decide to acquire volumes supplementary to those nominated for in the MD Order.

The supplementary purchasers would advertise their intentions to purchase additional oil in a fashion similar to those outlined in the attached two proposals.

Producers with shut-in production could tender any or all of their available surplus volumes to the supplementary purchasers. The Board would expect the data shown in Attachment C to be submitted by the producer with the tender. In the event that the tenders exceed the volumes that the purchasers are prepared to accept, the Board would allocate the supplementary purchases to the tendered pools in accordance with the normal prorationing procedures. If the tendered volumes are less than or equal to the offer to purchase, the producer would be free to produce those volumes during the month in question.

The supplementary purchasers will file details of their purchases with the Board by the 12th day in the following month. Based on that data and the proration plan, the Board will issue a revised MD Order.

In order to ensure equitable distribution within a pool for which oil has been tendered, the Board will establish comparable incremental allowables for all wells in the pool regardless of whether the producer has or has not tendered oil to the supplementary purchaser. Because the revision to the MD Order to reflect the supplemental purchases will not be made until the month following the production, the Board will amend its underproduction regulations to permit the carry-forward of the incremental allowable to be produced only in the second month after the oil was tendered.

For those pools from which no production is tendered to the supplementary purchaser in a given month, their allowables would not be affected and underproduction carry-forward would not apply.

REVIEW PERIOD

The Board will implement this scheme, effective immediately, for a 3-month trial period. It will monitor the plan in the interim and review its performance with the existing Industry/Board Proration Task Force.

The Board will arrange for industry briefings on this subject in Calgary on October 2 and 3rd. The exact time and location of the briefings will be announced in the Daily Oil Bulletin and other local media. For further information please contact F. J. Mink, Manager - Economics (403) 297-2397.

Vern Millard
Chairman

Attachments

Attachment "A"

Amoco Canada
Petroleum Company Ltd.

Amoco Canada Building
444 Seventh Avenue S.W.
Calgary, Alberta T2P 0Y2

N.J. Stewart
Vice President
Marketing and Corporate Affairs

September 26, 1985

Mr. Vern Millard
Energy Resources Conservation Board
640 - 5th Avenue S.W.
Calgary, Alberta
T2P 3G4

Amoco Canada hereby offers to purchase up to 50,000 bbls/day of light and medium crude oil which is currently forecasted to be shut-in for the month of October. Deliveries of crude oil will commence with injections on the 1st day of October, 1985. All crude oil purchased under this offer will be transported to the United States via IPL when pipeline capacity is available.

The price offered at Edmonton for all crude oil acquired hereunder and injected in October will be the price of November deliveries of West Texas intermediate crude oil as determined by averaging the settlement prices of trades on the New York Mercantile Exchange for November transactions subsequent to expiration of the offer, less a deduction which takes into account quality adjustments, transportation charges, import fees and handling and working capital costs. The total deduction for October injections will be U.S $1.85/bbl. for a mixed sweet blend light crude oil stream, with 38° API gravity and .50% sulphur content, or U.S. $2.10/bbl. for a light sour blend medium crude oil stream with 34° API gravity and 1.0% sulphur content. Prices will be adjusted up or down in accordance with Amoco Canada's quality adjustment scale to reflect actual injected quality.

If more than 50,000 bbls/day of conventional light and medium crude oil is tendered to Amoco Canada, or, if capacity limitations of the IPL system restrict shipments below 50,000 bbls/day, the ERCB will establish the revised allowable in accordance with its proration procedures.

When we are informed by the ERCB that IPL capacity is available to implement this offer, Amoco Canada will make available an information package to all producers from the ERCB mailing list, outlining details and conditions of the purchase offer. This offer will then be open for 5 working days after date of mailing for any and all producers to nominate. After the information packages are received, all inquiries arising therefrom should be directed to Mr. Jim Stout or Mr. Dave Hall at Amoco Canada Petroleum Company Ltd., 444 Seventh Avenue S.W., Calgary, Alberta T2P 0Y2, or by telephone at (403) 233-1313, or by telex at 03-821923.

N.J. Stewart

ATTACHMENT "B"

NORTHRIDGE

NORTHRIDGE PETROLEUM MARKETING, INC.

320, 140 - 4th AVENUE, S.W.
CALGARY, ALBERTA T2P 3N3
TELEPHONE: (403) 262-6800
TELEX: 03-825531
TELECOPIER: (403) 264-3885

September 25, 1985

TO: All Alberta Producers with "Shut-in" Crude Oil for the Production Month of October, 1985

SUBJECT: Offer To Purchase "Shut-in" Production

The Alberta Energy Resources Conservation Board (ERCB) has issued M.D. Order No. 389 which will result in "shut-in" of approximately 20,180 m^3/d (127,000 b/d) of Alberta light crude oil. Northridge has asked for and received approval from the ERCB to make a public offer to purchase approximately 7,950 m^3/d (50,000 b/d) of this "shut-in" light crude oil for its customers in the export market.

Therefore, Northridge offers to purchase Alberta light crude oil on the following basis:

1. MARKETS:

Northridge has a requirement for 6,355 m^3/d (40,000 b/d) for our West Coast markets, of which approximately 50% will be to pipeline connected refineries and the other 50% for tanker deliveries to California refineries.

Northridge also has a further requirement for 1,589 m^3/d (10,000 b/d) for our Midwest export markets. This purchase is conditional on the availability of pipeline capacity on the Interprovincial Pipeline.

2. POINT OF PURCHASE:

Northridge will purchase crude oil from Producers at the custody transfer meters on the various feeder pipelines or at the injection points into the Trans Mountain and Interprovincial Pipelines.

3. PRICE:

The purchase price for October crude must reflect the in transit time to move oil from Edmonton to the export market. In effect this means we must compete with the price of crude oil delivered to our customers in the month of November.

The Northridge purchase price for deliveries to the West Coast markets will reflect the price for Alaskan North Slope (ANS) and other crude oil delivered to the West Coast during November, 1985. The ANS base price will be adjusted to account for quality, transportation, import duty, line fill carrying costs and marketing and handling charges by deducting 1.00/bbl (U.S. dollars) for pipeline connected refineries and 1.50/bbl (U.S. dollars) for tanker deliveries to California to arrive at Edmonton purchase prices.

The Northridge selling price for deliveries made to our Midwest export markets will be based on the average of the daily settlement price on the N.Y. MERC for West Texas Intermediate (WTI) crude for the November trading period of September 23 to October 22, 1985. The WTI average price will be adjusted to account for quality, transportation, import duty, line fill carrying costs and marketing and handling charges by deducting 1.50/bbl (U.S. dollars) to arrive at an Edmonton purchase price.

The Edmonton prices for West Coast and Midwest deliveries will be averaged on a volume basis. The average price at Edmonton will then be quality adjusted by stream type in accordance with industry accepted differentials. For purchases made at custody transfer points into the feeder pipelines further adjustments will be made for equalization, transportation and line fill carrying costs associated with each feeder pipeline.

4. PAYMENT:

Payment will be made on November 25, 1985.

5. ERCB INFORMATION REQUIREMENTS:

Northridge will purchase oil only in accordance with ERCB requirements. Producers who sell oil to Northridge will be required to provide the following information.

a. Pool Name.
b. Field and Pool Code.
c. Volume tendered by pool - m^3/d.
d. Number of wells from which tendered volume will be produced by pool.
e. Highest production rate for well - m^3/d.

6. EXPIRY DATE:

This offer to purchase expires 5:00 p.m. Friday, October 4, 1985.

If you are interested in selling "shut-in" crude oil to Northridge or require further information, please phone any of the following persons at #262-6800.

Mr. Eric Hobson
General Manager
Crude Oil Operations

Ms. Charlotte Seatter
Co-ordinator
Crude Oil Operations

Mr. Rich Shillington
President

Although this offer is for October production only, we will be prepared to purchase "shut-in" production should it occur in subsequent months. A sample copy of our standard crude oil purchase contract is attached for your information.

Yours truly,

NORTHRIDGE PETROLEUM MARKETING, INC.

D.W. Minion
Chariman

DWM/dk/0066S

SAMPLE

Crude Oil Purchase Contract

BUYER:	Northridge Petroleum Marketing, Inc.
SELLER:	"Producer".
POINT OF DELIVERY:	Custody transfer meter on the Feeder Pipeline.
QUANTITY:	The crude oil being purchased under this contract represents the volume difference between the MRL (or capability) and the allowable volume specified in M.D. Order No. 389 as applied to "specified" wells in the "specified" field(s).
TERM:	October, 1985.
QUALITY:	Marketable quality light crude oil.
PRICE:	The Edmonton stream price obtained by Northridge adjusted for equalization, transportation and line fill carrying costs.
PAYMENT DATE:	25th day of November, 1985.
NOTICES:	Any notice hereunder shall be in writing and shall be sent as follows: "Producer" Northridge Petroleum Marketing, Inc. Suite 320, 140 - 4th Avenue S.W. Calgary, Alberta T2P 3N3 Attention: General Manager - Crude Oil Operations

OTHER:

In accordance with ERCB requirements, the Seller agrees to provide the following information to the Buyer by the 7th working day of the month following the month of production:

1. Pool Name.
2. Field & Pool Code.
3. Volume Tendered - by pool - M^3/Day.
4. Number of wells from which tendered volume will be produced - by pool.
5. Highest production rate for well - M^3/Day.
6. Well spacing for high production well - hectares.

This contract is subject to normal industry force majeure provisions.

PER: ______________________ PER: ______________________

"PRODUCER"

NORTHRIDGE PETROLEUM
MARKETING, INC.

ATTACHMENT C

Data Required From Producers Tendering Oil For Supplementary Purchases*

1 Pool Names.

2 Field and Pool Code.

3 Volume tendered - by pool - m^3/day.**

4 Number of wells from which tendered volume will be produced - by pool.

5 Highest production rate for well - m^3/day.

6 Well spacing for high production well - hectares.

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* Data to be supplied to purchaser.

** Additional volume tendered above existing MD Order cannot exceed pool MRL or producibility.

OCT - 8 1985

ERCB

Energy Resources Conservation Board

640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 85-15

To: All Oil and Gas Operators

3 October 1985

SOUR GAS WELLS

This informational letter is intended to clarify the Board's position respecting the licensing of certain critical sour gas wells. It relates to any critical sour gas well that is intended to penetrate a formation with a very high potential H_2S release rate and being drilled in close proximity to a centre of population where evacuation would not be feasible.

In such situations the Board has recently followed the practice of requiring that any serious leak or blowout would be immediately ignited unless it was highly likely that control could be quickly regained with corrective action and air monitoring demonstrates that there would not be a health risk to nearby residents.

All critical sour wells have a large number of special requirements related to the drilling of the well, and to the emergency response plan for use in the case of an accident. Each critical well is therefore reviewed carefully by the Board prior to licensing. The need (or otherwise) for the immediate ignition requirement set out earlier in this letter is determined during that detailed review. The Board is not able to spell out specific rules as to the H_2S release rate above which this rule would apply, or to the size of the population. Rather, the Board believes that, at least for the time being, it must make that determination on a site-specific basis, having regard for all of the information available to it when licensing the well.

To date, a Canterra well near Sundre and a Canadian Superior well near Hinton have been licensed subject to immediate ignition in the event of a blowout.

For further information regarding this matter, please contact E. J. Morin, Manager of the Board's Development Department at 297-8169.

G J DeSorcy

G. J. DeSorcy
Vice-Chairman

AL.1.151

CANADIANA
NOV 25 1985

ERCB

**Energy Resources
Conservation Board**

640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 85-16

To: All Oil and Oil Sands Operators

14 November 1985

STORAGE, HANDLING, AND DISPOSAL OF OILY WASTES

1 PURPOSE

This informational letter will clarify and consolidate the Energy Resources Conservation Board (ERCB) policy regarding the matter of oily wastes.

Oil, oil sands, gas, and pipeline operators are responsible for the containment and disposal of all oil field wastes in a manner acceptable to the Board.[1] Operators are to be commended for their past efforts in attempting to properly handle, store, and dispose of their oily wastes;[2] however, the ERCB is concerned that present practices are proving inadequate in some cases. Continued efforts by operators to reduce the volumes of oily wastes being generated and whenever possible to maximize the conservation of the oil or crude bitumen are encouraged.

2 OPERATION OF OILY WASTE STORAGE FACILITY

No products other than oily wastes should be deposited into the oily waste storage facility. Liquid build-up should be removed regularly as the solids settle. The liquid should be treated and then disposed of in an appropriate manner as discussed in Section 5.

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[1] Sections 8.150 and 8.160 of the Oil and Gas Conservation Regulations.

[2] Oily wastes: Waste materials containing oil generated during conventional oil, in situ oil sands, and heavy oil production such as sand, sludges, and slop oil; and oil containing snow, earth, or other debris collected as a result of containment and clean-up activities associated with an oil spill.

Adequate fencing and other appropriate security measures must be taken to eliminate the possibility of intrusion by unauthorized personnel, livestock, or wildlife. Where the permanent oily waste storage facility may attract waterfowl, some type of covering over the facility or some other measures may be required. The facility and surrounding area are to be maintained in a clean and weed-free condition.

3 STORAGE FACILITIES

3.1 Permanent

Adequate storage facilities are required for oily wastes.[3] Each operator should ensure that such storage facilities are optimally located within its operating scheme, and that the storage capacity is adequate to properly store the volumes of oily wastes expected to be generated in the time interval between disposal of these oily wastes.

All new oily waste storage facilities must be approved by the appropriate ERCB area office or as part of an oil sands scheme or operation. Acceptable oily waste storage facilities include

(a) concrete-lined pits with an underlying drainage system allowing for the monitoring of possible leaching through the concrete,

(b) semi-buried metal tanks with external and internal corrosion protection and underlying drainage system allowing for monitoring of possible leaks,

(c) pits or diked storage areas lined with an impervious lining material or combination of materials underlain with a drainage system allowing for monitoring of possible leaks,

(d) surface storage tanks with adequate dikes, and

(e) any other method that may be proposed by the operator which, in the ERCB's opinion, will adequately contain the oily wastes.

Appendix A provides more detail on the requirements for constructing and operating new permanent oily waste storage facilities.

3.2 Temporary

The ERCB is concerned with the increasing frequency with which the capacity of permanent oily waste storage facilities are being exceeded, leading to applications for temporary storage of oily waste materials in earthen pits or earthen diked areas. The Board believes this situation could be avoided by more careful planning of permanent storage capacity requirements.

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[3] Sections 8.010 and 8.020 of the Oil and Gas Conservation Regulations.

The ERCB is no longer prepared to permit the use of earthen structures for temporary storage of oily wastes merely because an operator's permanent facilities have reached capacity. Use of earthen structures for temporary storage of oily wastes will be considered by the ERCB only in emergency situations where the operator could not reasonably foresee or expect the need for temporary waste storage, as in the case of a large oil spill or serious equipment malfunction. An increase in an operator's sand production rate may be reasonably expected, given the nature of bitumen or heavy oil production, and consequently will not be sufficient reason for permitting emergency use of earthen structures for temporary storage of oily waste materials.

4 OILY WASTE RECLAMATION PROCESSES

Each operator that produces oily wastes is encouraged to review its respective handling and disposal techniques and to give serious consideration to use of some type of oily waste reclamation program. The ERCB recognizes that many of the reclamation processes are in a state of active evaluation and not yet fully proven. It is expected, however, that operators will employ all practical techniques that will maximize the recoverability of bitumen, oil, or heavy oil, including processing of certain oily wastes.

Operators may choose to use third-party oily waste reclaimers (portable or permanent), operate their own reclaimer facility, or operate a reclaimer facility jointly with other area operators. Section 6 of this document discusses the application and approval process.

The selective handling and storage of different types of oily wastes may improve the potential for successful treatment of oily wastes by reclamation techniques.

5 DISPOSAL OF OILY WASTES

5.1 Road Application Uses

Prior to disposal of oil-containing material, the disposal technique must be approved by the appropriate ERCB area office.

The ERCB has reservations about repeated disposal of oily wastes by application to municipal roadway surfaces and believes that this disposal technique is not the long-term solution to the disposal problem.

5.1.1 Dust Suppression

On a limited basis, the oily waste fluids may be utilized for dust suppression. Before issuing approval for use of oily waste fluids for road oiling purposes, the following criteria must be met:

(a) The waste must not contain significant amounts of free salt water, fracturing acids, or other non-hydrocarbon contaminants, halogenated hydrocarbon, or other manufactured oils.

(b) The oil in the oily waste must be of a relatively high density.

(c) An analysis for free water content and chlorides is required.

(d) Hazardous chemicals and the volumes injected during production must be identified.

(e) An estimated total volume to be disposed of and location of disposal must be provided.

Once the oily waste fluid is approved for disposal, the operator must provide the appropriate ERCB area office with written consent of the local authority (Municipal District, Improvement District, County, etc) accepting the waste. Ensuring proper application operations is the responsibility of the local authority. The ERCB suggests that any single application of oily waste fluids be made at a rate of 12 cubic metres per kilometre of road per centimetre of loose aggregate, not to exceed 40 cubic metres per kilometre, and must be done under good weather conditions.

5.1.2 Municipal Road Surfacing

Oily sand or other oily waste solids for municipal road surfacing purposes may be used in limited situations when conducted in a careful and deliberate fashion. Solids that have been treated to reduce fluid or water content have more potential as a component in a surfacing material than the raw oily solids. As in the case for the oily waste fluids, the criteria (a) to (e) in Section 5.1.1 are required prior to approving such a disposal scheme, along with written acceptance from the local authority taking the oily wastes.

5.1.3 Lease Roads

Disposal of oily waste materials onto lease roads will normally not be allowed due to site rehabilitation concerns. For remote or inaccessible areas, disposal of oily wastes onto lease roads or airstrips may be considered upon tendering of the criteria (a) to (e) in Section 5.1.1 to the appropriate ERCB area office and concurrence by Alberta Environment (AE) and Energy and Natural Resources (ENR)(Public Lands Division and Alberta Forest Service).

5.1.4 Private Driveways and Parking Areas

Disposal of oily waste materials onto private roadways, driveways, or parking areas will not be allowed by the ERCB.

5.2 Land Treatment

Operators contemplating using land treatment as a disposal technique should contact the ERCB Development Department in Calgary. The application and approval process is discussed in Section 6.3.2 of this document.

5.3 Other Disposal Techniques

The ERCB will consider any other oily waste disposal techniques proposed by an operator. After review, if the ERCB and other appropriate government agencies are satisfied that the disposal technique is environmentally compatible, approval to use the technique would be granted.

6 APPROVAL PROCEDURE

6.1 Treatment or Reclaimer Facility

In situations where the oily waste treatment facility is an integral part of an oil sands scheme or operation, it would be approved as part of that commercial or experimental oil sands scheme. Consequently, the full details of the oily waste treatment facility should be included in the appropriate application to the ERCB Oil Sands Department.

Approval and licensing of oily waste treatment facilities pursuant to ERCB Informational Letter IL 83-10 should be directed through the ERCB Development Department.

6.2 Storage Facility

Approval is required from the appropriate ERCB area office for new permanent or temporary oily waste storage facilities prior to their construction. Appendix A provides further detail of the requirements. These facilities do not require Clean Air or Clean Water Licences from AE.

Storage facilities that are an integral part of an experimental or commercial oil sands scheme or operation will be approved by the ERCB Oil Sands Department as part of the scheme approval.

6.3 Disposal

6.3.1 Municipal Road Applications

The appropriate ERCB area office is the contact and primary approving authority for disposal of oily wastes via municipal road applications. Section 5 of this document addresses the application requirements.

6.3.2 Land Treatment

Application for a land treatment scheme should be directed to the ERCB Development Department. If the land treatment scheme is an integral part of an oil sands scheme or operation, the application should be submitted and will be approved as part of the experimental or commercial oil sands scheme by the ERCB Oil Sands Department.

Upon application to the ERCB, oily waste treatment or processing facilities and land treatment schemes operated in conjunction with these facilities will be reviewed and, if they require Clean Air or Clean Water Licences, the applications will be forwarded by the ERCB to AE. In the case of large-scale land treatment schemes, Clean Water Licences will be issued by AE as part of the approval. Appendix B describes the information required should the project need a Clean Water Licence.

7 CONTACTS

Operators wishing more detailed information on matters discussed in this document should contact the appropriate approving body. Where the operator is not clear as to the approving body for a specific project, it should contact the ERCB Development Department in Calgary.

LA Bellows

L. A. Bellows
Board Member

APPENDIX A TO INFORMATIONAL LETTER IL 85-16

Permanent Oily Waste Storage Facilities
Guidelines for Application, Construction, and Monitoring

1 APPLICATION

1.1 Information in Support of the Application

An application for a permanent oily waste storage facility must address the following items:

(a) a justification for the facility (why is it required?),

(b) facility design specifications,

(c) proximity of the facility to surface improvements and surface waters,

(d) capacity of the facility and minimum operational freeboard,

(e) a description of topography, surficial geology, and depth to water table,

(f) identification of all waste to be routinely stored in the facility and the locations of the sources of these wastes in relation to the location of the facility,

(g) estimates of maximum annual dispositions to the facility of solids, oils, and salt water,

(h) estimated retention time for both solids and liquids in the facility,

(i) a description of the process to be used to recover the liquids from the facility and anticipated method of treatment and disposal,

(j) a description of proposed disposal method/site for the solids,

(k) security measures with respect to unauthorized dumping or entry by unauthorized persons, livestock, or wildlife,

(l) a description of the method in which material balances will be kept,

(m) a discussion of environmental and social impacts that may result from the operation of the facility, including those impacts arising from transportation of materials into and out of the facility.

1.2 Approval

Submission of the application and approval of the oily waste storage facility will be done directly through the appropriate ERCB area office or, if part of an oil sands scheme or operation, through the ERCB Oil Sands Department. Approval to construct and operate an oily waste storage facility will take the form of a letter from the ERCB area office to the operator or as part of the appropriate scheme approval from the ERCB Oil Sands Department. The ERCB will retain the right to rescind the approval and suspend operation of an oily waste storage facility if there is evidence that it is creating unacceptable environmental impacts or is not being operated in a manner deemed appropriate by the ERCB.

2 CONSTRUCTION

The objective in designing a permanent oily waste storage facility is to have a facility that isolates the oily waste and all its various components from contact with the soil and groundwater and to accommodate an effective method for cleaning out the solids which will accumulate in the facility.

2.1 Location

Wherever possible, the facility should be centrally located with respect to the sources of wastes in an area or to the operations served by the facility. The facility must be located in an area that is at least 100 metres from the nearest open body of water or water well used for domestic purposes. The engineering properties of the soil at the selected site should be such that will support the weight of the facilities and the expected traffic.

The bottom of the facility must be above the high mark of the water table.

2.2 Concrete-lined Pits

The structural design of the concrete lining must be sufficient to withstand lateral pressures from adjacent fill, the operation of heavy equipment adjacent to and within the confines of the structure, and the pressure of the volume of materials to be contained within the structure.

The structure is to be constructed of sulphate-resistant concrete with appropriate treatment applications. All concrete joints are to be fitted with sealing construction joints. Use of appropriate expansion joints or materials should be considered in the design of large pits to reduce the potential of cracking due to expansion or contraction.

It is suggested that the pit design accommodate an unloading area and the ability to clean the solids from the pit by mechanical means if necessary.

2.3 Semi-buried Metal Tanks

The tanks to be used must be structurally sound. They are to be buried in such a fashion that the open lip of the tank is not below the level of the ground surface. The tanks are to be securely anchored in place.

All internal and external metal surfacing on the tanks is to be protected with a corrosion-resistant material or cathodic protection.

It is suggested that the design take into consideration some method for cleaning the solids from the tank bottoms if necessary.

2.4 Liners

The liners used should be of an appropriate material that is both impervious and resistant to breakdown by the components found in the oily wastes. Liners may be incorporated into a pit-type design or into a non-excavated diked storage area.

Where a liner or liners are used, they should be overlain by some material that will enhance the ability to mechanically clean the solids out of the structure and will protect the liner or liners from being damaged by this mechanical activity. Care must be taken during the installation of the liners to ensure that they are not damaged during installation and that all joints are properly sealed.

The design should accommodate an unloading area.

3 LEAKAGE MONITORING SYSTEM

A continuous loop of weeping tile must be placed around the structure at a depth approximating the deepest portion of the structure and in such a fashion as to encourage the movement of groundwaters which may occur under the structure towards the weeping tile. Two cased observation wells must bottom into the weeping tile. The weeping tile should be deepest at the point where the observation wells intersect it and slope slightly upward from these points to encourage the collection of water at the observation wells. The observation wells should be optimally located relative to the specific design of the facility.

Prior to collecting a sample from the observation wells, the wells should be pumped out. One sample from each of the observation wells shall be taken in May and October of every year and analysed for the following:

(a) pH,

(b) major ions (calcium, magnesium, sodium, potassium, nitrate, sulphate, and chloride),

(c) electrical conductivity,

(d) total organic carbon, and

(e) oil and grease.

All the above analyses shall be conducted in the manner described in the publication "Standard Methods for the Examination of Water and Wastewater", 15th Edition (1980), or the most recent edition published jointly by the American Public Health Association, American Water Works Association, and the Water Pollution Control Federation; or in a manner described in the publication "Methods Manual for Chemical Analysis of Water and Wastes 1981", published by AE.

The result of this analysis should be directed to the ERCB Environment Protection Department.

APPENDIX B TO INFORMATIONAL LETTER IL 85-16

Land Treatment of Oil Wastes
Guidelines for Application and Monitoring

1 APPLICATION

1.1 Information in Support of the Application

The contents of an application for a land treatment site for oily wastes may be based upon standards outlined in the study "Landspreading of Sludges at Canadian Facilities - PACE Report No. 81-5A".

The following points should be addressed as part of the application:

(a) General Information

- Name, address, and phone number of applicant and owner/operator
- Legal land description of treatment site
- Description of project.

(b) Hydrogeological characteristics of the site

- Water table level
- Groundwater flow direction
- Background quality of groundwater in the uppermost water-bearing strata within the expected zone of influence
- Distances to water supply sources (ground and surface water from the land treatment site
- Presentand future groundwater uses which could be affected.

(c) Geographical and geological characteristics

- Topography of the area (slope between 0 - 5 per cent)
- Land treatment site boundaries and land use of the area
- Surficial soil geology (classification, structure, distance bedrock, etc)
- Chemical/physical characteristics of surficial soil (zone o incorporation of the wastes).

(d) Design and operating considerations

- Characterization of waste to be applied
- Application rates, frequency, etc
- Nutrient amendments
- Slope, dikes, runoff collection and containment, perimeter fences, etc.

(e) On-going monitoring and reporting

- Groundwater monitoring (up and down gradient of the treatment site)
- Soils monitoring.

(f) Closure measures, final land use, reclamation

(g) Local authority approval

- Development permit in white-yellow zones (where necessary)
- Surface lease in green zone (where necessary).

1.2 Approval

An application for an oily waste land treatment site should be made through the ERCB. In the case where such a site is an integral part of an oil sands scheme, the application should be made to the Oil Sands Department. In the case where such a site is a "stand-alone" facility or part of an oily waste treatment facility handling wastes from more than one scheme or operation, the application should be made through the Development Department.

The ERCB will review the application and if a Clean Water Licence is necessary, the application will be forwarded to AE to obtain the said licence. Upon satisfying the regulatory agencies, the ERCB approval, with a Clean Water Licence attached (where necessary), will be returned to the applicants as either part of an oil sands in situ scheme approval, via letter.

2 MONITORING

Monitoring requirements will be specified in the Clean Water Licence and will be based upon site-specific criteria.

CANADIANA
DEC - 6 1985

ERCB

Energy Resources Conservation Board

640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 85-17

Interim

4 December 1985

To: All Operators, Purchasers of Gas, Transmission
Companies, Utility Companies, IDP List

METHOD OF PROCESSING AND REQUIREMENTS OF THE ERCB FOR INFORMATION IN SUPPORT OF APPLICATIONS FOR REMOVAL OF SMALL VOLUMES OF GAS FROM ALBERTA

This informational letter replaces Informational Letter IL 85-5 Interim which was issued on 3 June 1985.

Interim IL 85-5 sets out a revised policy for handling applications to remove small volumes of gas from the province. The new policy reflects changes that are necessitated by the Agreement of 31 October 1985 between the federal government and the gas producing provinces respecting Natural Gas Marketing and Pricing, and a letter to the ERCB from the Minister of Energy and Natural Resources clarifying the Alberta government position respecting gas removal matters. A copy of the Minister's letter is attached.

As a result of the Minister's letter and his indication that the Gas Resources Preservation Act will be amended at the first opportunity, the ERCB is immediately dispensing with the incrementality test in assessing the public interest of removal applications. The ERCB will accept that pricing arrangements for proposed removals are in the Alberta public interest if they are generally in accordance with the provisions of the Agreement.

Also as a result of the Minister's letter, the ERCB will be seeking information from applicants respecting the availability of contract carriage in the intended market place, but will simply pass that information to the government. It will not be considered by the ERCB in its decision regarding applications.

The attached letter from the Minister also requests that the ERCB review its procedures and formulae currently used in the administration of sections 5(3)(a) and (b) of the Gas Resources Preservation Act. (These sections relate to the determination of gas reserves surplus to Alberta's needs.) The ERCB intends to call a hearing for that purpose, likely to take place in the first quarter of 1986.

This informational letter relates to applications to remove volumes of less than 3 billion cubic metres of gas and will be used on an interim basis during the coming months. A revised informational letter will be issued after some experience is gained under the new gas marketing and pricing system. The future informational letter will deal with all applications under the Gas Resources Preservation Act, including those for greater than 3 billion cubic metres. Until a new informational letter is issued, the handling of such applications will be generally in accordance with the system which has been used for the last several years.

Requirements of Applications

Applications to remove gas from Alberta in volumes of less than 3 billion cubic metres will require the following information:

1. Name of applicant.
2. Identification of market(s) to be served.
3. Total volume to be removed and expected rates of removal.
4. Duration of removal period.
5. Indication of the source of the gas to be removed. (Names of fields or areas, if available.)
6. Point of removal from Alberta.
7. Plans for transporting the gas.
8. For removals to other parts of Canada, an indication as to whether distributor contract carriage arrangements are available in the region in which the gas will be marketed.
9. A summary of the pricing arrangements for the applied-for gas.

Method of Processing Applications

A. Applications Involving Removal of Less Than One Billion Cubic Metres and a Removal Period not Exceeding 24 Months

- Where items 1 through 9 have not been satisfactorily addressed in the application, a deficiency letter will be sent and processing of the application will be delayed.

- o Where items 1 through 9 have been satisfactorily addressed in the application, the ERCB will, because of the small volume and short time period, assume that no party could be directly and adversely affected. It will immediately seek a Ministerial Approval (MA) without giving notice for hearing or objection.

- o Upon receipt of the requested MA, the permit will be issued immediately. The permit will be greatly abbreviated and will deal with most of the conditions by reference to the application which is being granted.

- o Particulars of the permit will be included in a monthly bulletin which will list all removal applications filed with the ERCB and will be distributed to parties indicating an interest in such matters.

The objective of the ERCB will be to handle these short-term small-volume requests in about one week from the filing of a completed application to the issuance of a permit.

B. Applications Involving Removal of Greater Than One Billion Cubic Metres But Less Than Three Billion Cubic Metres or a Removal Period Exceeding 24 Months

- o Where items 1 through 9 have not been satisfactorily addressed in the application, a deficiency letter will be sent and processing of the application will be delayed.

- o Where items 1 through 9 have been satisfactorily addressed in the application, the ERCB will give consideration as to how the application should be processed having regard to section 29 of the Energy Resources Conservation Act and may decide to

    (a) handle without public review

    (b) give notice for objection, or

    (c) call a public hearing.

- o In cases where the Board sees no need for a public review it will seek the necessary Order in Council (OC).

- In cases where the ERCB believes that notice of filing is warranted, it will publish the notice in the Daily Oil Bulletin within about one week of receipt of the completed application. Where submissions are received from interested parties, the Board will decide whether a hearing is required. If required, it will immediately proceed to hearing; if not, it will seek the necessary OC.

- In cases where the ERCB believes a hearing is necessary, it will immediately give notice of the hearing, will hear the matter, and will seek the necessary OC if it believes the application should be granted.

- Upon receipt of an OC, the ERCB will immediately issue the permit.

- Particulars of the permit will be included in the monthly bulletin.

The time to process these applications, which require OCs in accordance with the legislation, will vary depending upon the particular application and circumstances surrounding it.

Questions or comments respecting this interim policy and any suggestions respecting the long-term policy should be directed to the attention of Mr. Bill Schnitzler at 297-7322.

Millard

V. Millard
Chairman

ENERGY AND NATURAL
RESOURCES

Office of the Minister

407 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-3740

December 2, 1985

Mr. Vern Millard
Chairman
Energy Resources Conservation Board
640 - 5th Avenue S.W.
Calgary, Alberta
T2P 3G4

Dear Mr. Millard;

As you are aware, the Alberta government has recently concluded an agreement with the governments of Canada and other producing provinces on natural gas markets and pricing. The intent of the agreement is to create a more flexible and market-oriented pricing regime with respect to natural gas.

One aspect of that agreement relates to the incrementality of sales which would follow from approval of proposed gas removal permits or export licences. It was agreed that the current incrementality tests are not in the public interest or consistent with the intent of the agreement and should be discontinued.

The government of Canada amended its existing policy and eliminated its "incrementality test" effective November 1, 1985. Alberta agreed to review the wording of the Gas Resources Preservation Act, specifically section 5(3)(c), and, as necessary, amend the legislation to ensure that it does not require new sales to be incremental to existing sales. I intend to introduce legislation at the first sittings of the Legislature to achieve that objective.

The agreement also allows for direct purchase of gas by consumers from producers provided distributor contract carriage arrangements are available for such purchases. To ensure that the requirement is satisfied, it will be government policy to condition any Order in Council or Ministerial Approval authorizing a removal of gas from the province so that removal will not be allowed to commence until contract carriage arrangements are available in the particular market region.

The agreement also makes reference to a review of the National Energy Board surplus tests which is currently underway and which will likely result in significantly freer access for Canadian gas to export markets. The Alberta government agreed to a review of the surplus tests used in this province. I am therefore requesting that the ERCB review its procedures and formulae currently used in the administration of sections 5(3)(a) and (b) of the Gas Resources Preservation Act, and make any modifications considered necessary or advisable in the public interest.

I am advising the ERCB of these recent developments and plans in order that you may be aware of them in your consideration of removal applications.

Yours truly,

John Zaozirny
Minister